



Admission to listing of Islamic bonds (sukuk) on a French regulated market

Sukuk are Islamic bonds linked to underlying assets by means of a variety of structures, of which the two main categories are currently:

- Sukuk for which the periodic distributions and reimbursement rely primarily on underlying assets and which therefore, by virtue of their construction, are equivalent to securitisation (i.e. an asset backed securities issue);
- Sukuk for which the periodic distributions and reimbursement are based on underlying assets, but for which investors rely primarily on the undertaking of one or more entities for part of or all payments in respect of the sukuk.

Sukuk which are issued in the context of a private and/or international placement will be admitted to the professional segment of the French regulated market, due to the inherent nature of the investors.

The compliance of the issue with Sharia rules does not fall within the remit of the AMF. It is the responsibility of the issuers, with assistance from their advisers, to incorporate into the prospectus the relevant elements, including appropriate details of the Sharia board involved in the transaction, which provide the necessary information to enable investors to make an informed decision.

The AMF's objective is to ensure that the prospectus has been prepared in accordance with European laws and regulations. As the European regulation does not include any specific annexes for Islamic bonds, article 23.2 of this Regulation stipulates that, where a prospectus for a security which is not the same as, but is comparable to, the various types of securities mentioned in the European Regulation, the issuer shall add the relevant information items from another securities note schedule provided for in the annexes of the European Regulation. This addition shall be done in accordance with the main characteristics of the securities being offered to the public or admitted to trading on a regulated market. It is therefore the issuer's responsibility to define the precise contents of the prospectus in accordance with article 23.2 of the European Regulation, taking into consideration the financial characteristics of the sukuk which it plans to list. The issuer will inform the AMF when filing the draft prospectus with the Authority of the type of sukuk being listed and the relevant annexes of the Regulation with which it is complying.

As an example, the AMF will consider that in the first case mentioned above, where the periodic distributions and reimbursement rely primarily on the underlying assets, the prospectus is prepared on the basis of the annex XIII with regards to the terms and conditions of the issue (in so much as the nominal amount of the bond is equal or greater than 50.000 euros), and the annexes related to "Asset Backed Securities", with regards to the issuer and the assets (annexes VII and VIII of the European Regulation).

In the second case, where investors rely primarily on the undertaking of one or more entities for the payments in respect of the sukuk, the description of the securities follows annex XIII of the Regulation (in so much as the nominal amount of the bond is equal or greater than 50.000 euros). In addition, the principle stated in article 5 of the Prospectus directive, which requires the disclosure of any material information which enables an investor to make an informed decision, can be generally satisfied with the structure being described:

- either on the basis of annexes VI and IX, with the appropriate disclosure of the underlying contracts;
- or on the basis of annexes VII and VIII (considering that the underlying contracts are the relevant assets for this purpose), with the appropriate disclosure of the entities that have given an undertaking for part of or all payments of the sukuk, on the basis of item 2.2.11 of annex VIII.